

Portfolio Breakdown

The following is a breakdown of the Investment Pool holdings for April 2009

	Average (\$000)	% of Portfolio
U.S. Agency Securities	2,414,647	61.0%
Commercial Paper	-	0.0%
Taxable Municipal Securities	15,000	0.4%
Bankers Acceptances	-	0.0%
U.S. Agency Mortgage-backed Securities	64,889	1.6%
Repurchase Agreements	72,633	1.8%
Treasury Securities	522,915	13.2%
Certificates of Deposit & Overnight Deposits	436,374	11.0%
Local Government Investment Pool	434,637	11.0%
Reverse Repurchase Agreements	-	0.0%
Total	\$3,961,096	

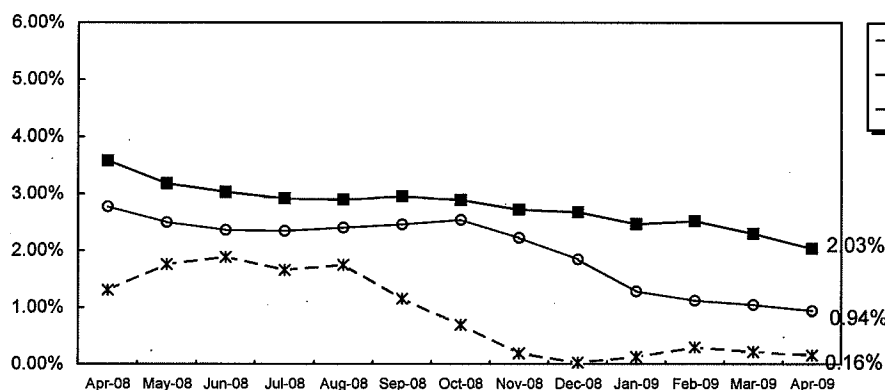
*Average Pool Effective Duration: 0.69 Years

*Duration is a measure of the length of the portfolio's expected cash flows and is a better measure of average portfolio life than maturity.

King County Pool Rating

In January 2008, the rating of the King County investment pool was temporarily suspended by Standard & Poor's pending further information being available on the outcome of restructuring proposals associated with each impaired investment. Three of four restructurings have been completed in 2008 with one remaining in early 2009. King County has initiated discussions with S&P to restore the pool's AAA rating and anticipates action during 2009.

Investment Pool Performance (before Pool fees)



(1) King County Pool Distribution rate has not been adjusted yet for realized losses from impaired commercial paper investments.

Pool Net Asset Fair Value on April 30, 2009

Net Assets (2)	4,941,978,467.40
Net Assets Consist of:	
Participant units outstanding (\$1.00 par)	4,916,215,577.52
Undistributed and unrealized gains(losses)	25,762,889.88
Net Assets	4,941,978,467.40
Net asset value at fair value price per share (\$4,941,978,467.40 divided by 4,916,215,577.52 units)	1.0052

(2) Excludes impaired assets that have been separated into a separate pool.

Performing Pool Comments: While the economy continued to decline during April, the minutes from the Federal Reserve Bank's Open Market Committee noted that the rate of decline appeared to moderate and that household spending appeared to stabilize. These first glimmers of positive news helped push the stock market higher, but interest rates continued to stay near historical lows. With the Federal Reserve System committing to keeping short-term rates at 0 to 1/4 percent for an extended period to promote economic growth, the rate on the investment pool will continue to decline in the coming months. The longer duration of the pool has slowed the rate of decline when compared to short duration alternatives like T-bills, but we probably will not see higher rates until the economy begins to grow and unemployment shows signs of improving. Once the economy starts to grow again the Fed will be less accommodative and interest rates will rise. Given the severity of problems, economists and market indicators are still predicting that we may not see higher short-term interest rates until late in 2009 or early 2010.

The pool's balance was nearly \$5 billion at month end. The increase in the pool's balance was the result of the seasonal inflow of property taxes into the pool and the inflow of bond proceeds from recent district and county bond sales. The unrealized gain in the portfolio was about \$26 million at month-end, about the same level it was at in the previous month.

For a more detailed review of the pool, please see the March 2009 Portfolio Review conducted by our investment consultant, PFM. A copy of this report can be found at the following address: <http://www.kingcounty.gov/operations/Finance/news/CommercialPaper.aspx>

We are continuing the strategy of investing the pool's assets in securities that have the support of the Federal government: U.S. agency obligations, U.S. Treasury securities, and certificates of deposit and savings accounts with banks that have received capital infusions from the U.S. Treasury. We continue to consult regularly with our investment consultant, PFM, and they concur with our current strategy. King County also remains committed to sharing information with pool members about investment holdings and the impacts of the current turmoil in global credit markets. Please call the Treasury Operations number at 206-296-7326 if you have questions or need any additional information.

**Impaired Pool Holdings Report
4/30/2009**

Commercial Paper Issuer	Status	Current Book Value	Estimated Future Cash Recovery	Estimated Future Unrealized Loss
Mainsail II (1)	Restructured	3,022,926.58	782,000.00	2,240,926.58
Cheyne Finance (1)	Restructured	787,502.14	507,750.00	279,752.14
Rhinebridge (1)	Restructured	1,885,308.88	1,134,600.00	750,708.89
Victoria Finance (2)	Restructuring In Progress	42,425,041.06	8,528,000.00	33,897,041.06
Total		48,120,778.66	10,952,350.00	37,168,428.67

Certificates of Deposit & Overnight Deposits

Fair Value Ratio	0.2276
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(1) These amounts are related to cash that was retained for DTC indemnifications and other reserves. It could be as long as 2014 before these "tail" amounts are returned to investors, and it is possible that the amount recovered may be less than the estimate.

(2) Victoria Finance restructuring is not complete. These estimates are based on market price from a single dealer willing to provide a quote. Victoria's trustee has not yet released April's report, but as of March 31, 2009 the intrinsic value estimate from the King County Pool's proportionate share was about \$18.3 million, excluding the recent cash payments, and this is materially higher than the \$8.5 million single dealer valuation for April.

Impaired Pool Comments:

The vast majority of the amount remaining in the impaired pool as of April 30th is associated with Victoria, the one investment waiting for restructuring. Victoria continues to make regular monthly distributions, and we received an April payment of \$865,332.96 and another \$1,084,978.37 was received in early May. We expect these monthly distributions to continue at least until the restructuring process is concluded, and we still expect the restructuring of Victoria to occur sometime in the first half of 2009.

The April market price was slightly above March's quote. Pricing for impaired investments has been difficult to obtain because of the turmoil in the credit markets, and in illiquid markets it is not unusual to see wide swings in prices. Victoria's trustee has not yet released its report for April, but adding the cash recoveries through April to the April dealer price (16%) results in an estimated recovery rate to senior investors of about 37%.

The King County Executive Finance Committee approved bifurcation of the investment pool so that the impaired investments would be in their own pool separate from the main pool of "performing" investments. The effective date of the bifurcation was September 1, 2008 (this date was selected based on input from pool members). The reasons for bifurcating the pool were to: (1) ensure the yield on the performing assets is not negatively impacted by the impaired investments; (2) enhance transparency about the value of the performing pool and the impaired pool; (3) ease the implementation of the restructuring processes for the impaired investments; and (4) expedite the restoration of the Standard & Poor's rating for the performing pool.

There are also "tail" payments from the other three completed restructurings (Cheyne, Rhinebridge and Mainsail) that will remain bifurcated until such time that we receive future cash payments and convert the remaining unrealized losses into realized losses.